

**LUELLA ENTERPRISES COMPANY
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2009

DRAFT as at 10/03/2010

LUELLA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2009

CONTENTS

	PAGE
Board of Directors and other Officers	1
Report of the Board of Directors	2
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 - 11
Additional information to the statement of comprehensive income	12 - 14

DRAFT as at 10/03/2010

LUELLA ENTERPRISES COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Vasilios Trikoupis
Alexandra Michaelides

Company Secretary:

Adam Montanios
16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia, Cyprus

Independent Auditors:

Horwath DSP Limited
Chartered Certified Accountants
Photiades Business Center
1st floor, 8 Stassinou Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia
Cyprus

LUELLA ENTERPRISES COMPANY LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2009.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

Review of current position, future developments and significant risks

The company had incurred losses during the year. However the Board of Directors expects that the appreciation of the value of the investment in subsidiary company in the following years will outweigh the losses incurred.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the year are set out on page 3. The net loss for the year is carried forward.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors of the Company at the date of this report are shown on page 1.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 12 to the financial statements.

Independent Auditors

The independent auditors, Horwath DSP Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Vasilios Trikoupis
Director

Nicosia, 2010

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Note	2009 €	2008 €
Consultancy fees receivable		-	16.667
Consultancy fees payable		-	(16.667)
Administration expenses		(1.115)	(8.036)
Operating loss	4	(1.115)	(8.036)
Net finance costs	5	(136)	(193)
Loss before tax		(1.251)	(8.229)
Tax	6	-	-
Net loss for the year		(1.251)	(8.229)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive expense for the year		(1.251)	(8.229)

The notes on pages 7 to 11 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 €	2008 €
ASSETS			
Non-current assets			
Investments in subsidiaries	7	<u>18.087.013</u>	18.087.013
		<u>18.087.013</u>	<u>18.087.013</u>
Current assets			
Cash at bank and in hand	8	<u>796</u>	46.765
		<u>796</u>	<u>46.765</u>
Total assets		<u>18.087.809</u>	<u>18.133.778</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	182.825	182.825
Share premium		17.926.425	17.926.425
Accumulated losses		(29.525)	(28.274)
Total equity		<u>18.079.725</u>	<u>18.080.976</u>
Current liabilities			
Trade and other payables	10	<u>8.084</u>	52.802
		<u>8.084</u>	<u>52.802</u>
Total equity and liabilities		<u>18.087.809</u>	<u>18.133.778</u>

On 2010 the Board of Directors of Luella Enterprises Company Limited authorised these financial statements for issue.

.....
Vasilios Trikoupis
Director

.....
Alexandra Michaelides
Director

The notes on pages 7 to 11 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance - 1 January 2008		112.750	10.989.000	(20.045)	11.081.705
Net loss for the year		-	-	(8.229)	(8.229)
Issue of share capital	9	70.075	6.937.425	-	7.007.500
At 31 December 2008/ 1 January 2009		182.825	17.926.425	(28.274)	18.080.976
Net loss for the year		-	-	(1.251)	(1.251)
At 31 December 2009		182.825	17.926.425	(29.525)	18.079.725

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 7 to 11 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Note	2009 €	2008 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		<u>(1.251)</u>	<u>(8.229)</u>
Cash flows used in operations before working capital changes		(1.251)	(8.229)
Decrease in trade and other receivables		-	29.167
(Decrease) / increase in trade and other payables		<u>(44.718)</u>	<u>11.155</u>
Net cash flows (used in) / from operating activities		<u>(45.969)</u>	<u>32.093</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	7	-	<u>(7.006.478)</u>
Net cash flows from investing activities		-	<u>(7.006.478)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	<u>7.007.500</u>
Net cash flows from financing activities		-	<u>7.007.500</u>
Net (decrease) / increase in cash and cash equivalents		(45.969)	33.115
Cash and cash equivalents:			
At beginning of the year		<u>46.765</u>	<u>13.650</u>
At end of the year	8	<u>796</u>	<u>46.765</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. Incorporation and principal activities

Country of incorporation

The Company Luella Enterprises Company Limited (the "Company") was incorporated in Cyprus on 6 May 2006 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari street, Diagoras House, 7th floor, 1097 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the holding company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2009.

Since the EU 7th Directive permits the preparation of such consolidated financial statements in accordance with the Directive or in a manner equivalent to that Directive and since the Companies Law, Cap.113, provides for the aforementioned exemption, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of such consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue recognition

Revenues of the Company are recognized on an accrual basis.

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred.

Foreign currency translation

- (1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.
- (2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the statement of financial position date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Share capital

Ordinary shares are classified as equity.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the statement of financial position date.

4. Operating (loss)

	2009 €	2008 €
Operating (loss) is stated after the following items:		
Auditors' remuneration	-	4.600

5. Finance costs

	2009 €	2008 €
Other finance expenses	136	193
	136	193

6. Tax

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2009 €	2008 €
Loss before tax	(1.251)	(8.229)
Tax calculated at the applicable tax rates	(125)	(823)
Tax effect of expenses not deductible for tax purposes	125	-
Tax effect of allowances and income not subject to tax	-	823
Tax charge	-	-

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

6. Tax (continued)

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years. As at 31 December 2009, the balance of tax losses which is available for offset against future taxable profits amounts to €26.003 for which no deferred asset is recognised in the statement of financial position.

7. Investments in subsidiaries

	2009	2008
	€	€
On 1 January	18.087.013	11.080.535
Additions	-	7.006.478
At 31 December	<u>18.087.013</u>	<u>18.087.013</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
North Haven Limited	Hong Kong	Holding of investments	100

The subsidiary company "North Haven Limited" is the owner of 93,94 % of the company "Joint Stock Beogradsko Mesovito Preduzece" incorporated in Serbia.

8. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2009	2008
	€	€
Cash at bank and in hand	<u>796</u>	<u>46.765</u>
	<u>796</u>	<u>46.765</u>

9. Share capital

	2009	2009	2008	2008
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>
Issued and fully paid				
On 1 January	182.825	182.825	112.750	112.750
Issue of shares	-	-	70.075	70.075
At 31 December	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

9. Share capital (continued)

On 18 April 2008 the Company issued 4.075 shares of €1 each at a premium of €99 per share. On 4 June 2008 the Company issued 66.000 shares of €1 each at a premium of €99 per share.

10. Trade and other payables

	2009	2008
	€	€
Shareholders' current accounts - credit balances (Note 11)	-	45.833
Accruals	-	4.600
Other creditors	8.084	2.369
	<u>8.084</u>	<u>52.802</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

11. Related party transactions

The Company is controlled by Lampsa Hellenic Hotels SA, incorporated in Greece, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

11.1 Purchase of services

	2009	2008
	€	€
Lampsa Hellenic Hotels S.A. - Consultancy fees	-	16.667
	<u>-</u>	<u>16.667</u>

Purchases from related companies were made on commercial terms and conditions.

11.2 Shareholders' current accounts - credit balances (Note 10)

	2009	2008
	€	€
At 31 December	-	45.833
	<u>-</u>	<u>45.833</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

12. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2009

	Page	2009 €	2008 €
Consultancy fees receivable		-	16.667
Consultancy fees payable		-	<u>(16.667)</u>
Operating expenses			
Administration expenses	13	<u>(1.115)</u>	<u>(8.036)</u>
Operating loss		<u>(1.115)</u>	<u>(8.036)</u>
Finance costs		<u>(136)</u>	<u>(193)</u>
Net loss for the year before tax		<u><u>(1.251)</u></u>	<u><u>(8.229)</u></u>

DRAFT as at 10/03/2010

LUELLA ENTERPRISES COMPANY LIMITED

OPERATING EXPENSES

Year ended 31 December 2009

	2009 €	2008 €
Administration expenses		
Auditors' remuneration	-	4.600
Accounting fees	-	1.725
Legal fees	8.084	2.369
Administration expenses	-	593
Legal fees - prior years	-	(1.251)
Recharges to holding company	(6.969)	-
	<u>1.115</u>	<u>8.036</u>

DRAFT as at 10/03/2010

LUELLA ENTERPRISES COMPANY LIMITED

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2009

	Page	€	€
Net loss per detailed statement of comprehensive income	12		(1.251)
<u>Add:</u>			
Expenses not allowable for tax purposes:			
Disallowed expenses		<u>1.251</u>	
Chargable income for the year			<u><u>1.251</u></u> <u>-</u>

DRAFT as at 10/03/2010

LUELLA ENTERPRISES COMPANY LIMITED

16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia
Cyprus

Nicosia, 2010

Messrs,
Horwath DSP Limited
Chartered Certified Accountants
Photiades Business Center
1st floor, 8 Stassinos Avenue
P.O. Box 22545
1522 Nicosia

Dear Sirs,

Financial Statements - 31 December 2009

This representation letter is provided in connection with your audit of the financial statements of Luella Enterprises Company Limited for the year ended 31 December 2009.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

- 1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.
- 2) There have been no irregularities involving management or employees who have a significant role in the system of internal control, or that could have a material effect on the financial statements.
- 3) The financial statements are free of material errors and omissions.
- 4) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and board of directors.
- 5) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
- 6) The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:
 - (a) Balances and transactions with related parties.
 - (b) Assets pledged as collateral.
- 7) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- 8) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the Company's assets except as noted in the financial statements.
- 9) We have recorded or disclosed all liabilities, both actual and contingent.
- 10) We confirm that all amounts owed to the Company are fully recoverable.
- 11) There have been no events after the reporting period that require adjustment of, or disclosure in the financial statements and related notes.
- 12) No claims in connection with litigation have been or are expected to be received.
- 13) To the best of our knowledge and belief, the information disclosed in the financial statements in respect of parties which control the entity is complete and accurate.

- 14) To the best of our knowledge and belief, there were no material related party transactions at any time during the year which fall to be disclosed other than as indicated in the financial statements.
- 15) Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a type not usually undertaken by the entity, circumstances of a non recurrent or exceptional nature or any change in accounting policies.
- 16) We confirm that we have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion, we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date the financial statements are to be approved.
- 17) We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a fair presentation.
- 18) We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,
For Luella Enterprises Company Limited

.....
Vasilios Trikoupis
Director

.....
Alexandra Michaelides
Director

DRAFT as at 10/03/2019